

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary						FTE Position Summary				
Fund	2010-11 Adjusted Base	Governor		2011-13 Change Over Base Year Doubled		2010-11	Governor		2012-13 Over 2010-11	
		2011-12	2012-13	Amount	%		2011-12	2012-13	Number	%
GPR	\$27,311,200	\$26,186,800	\$27,977,100	-\$458,500	- 0.8%	205.50	206.50	209.50	4.00	1.9%
FED	21,240,700	21,403,300	21,462,800	384,700	0.9	88.47	86.12	89.12	0.65	0.7
PR	22,323,500	23,401,800	23,419,700	2,174,500	4.9	206.58	202.37	202.37	- 4.21	- 2.0
SEG	30,791,500	32,636,600	33,067,300	4,120,900	6.7	98.77	96.40	96.40	- 2.37	- 2.4
TOTAL	\$101,666,900	\$103,628,500	\$105,926,900	\$6,221,600	3.1%	599.32	591.39	597.39	- 1.93	- 0.3%
BR		- \$5,000,000								

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: Provide adjustments to the agency base budget for: (a) reductions due to turnover [-\$230,600 GPR and -\$72,300 PR annually]; (b) removal of non-continuing items [-\$79,800 FED in 2011-12 and -\$279,100 FED in 2012-13 with -4.0 positions, and -\$32,000 PR in 2011-12 and -\$127,300 PR in 2012-13 with -2.0 positions]; (c) full funding of salary and fringe benefits for continuing positions [\$2,206,200 GPR annually, -\$1,864,700 FED annually, \$1,275,000 PR annually, and \$1,086,800 SEG annually]; (d) reclassifications and semiautomatic pay progressions [\$3,700 GPR annually, \$16,600 FED in 2011-12 and \$25,500 FED in 2012-13, \$78,500 PR in 2011-12 and \$120,600 PR in 2012-13, and \$43,000 SEG in 2011-12 and \$46,300 SEG in 2012-13]; (e) full funding of lease costs and other directed moves [\$26,900 GPR annually, \$13,400 FED annually, \$24,000 PR annually, and \$15,000 SEG annually]; and (f) minor transfers within appropriations [within the PR appropriation for computer system staffing and equipment, transfer \$236,900 annually from the unallotted reserve to supplies and services].

	Funding	Positions
GPR	\$4,012,400	0.00
FED	- 4,019,400	- 4.00
PR	2,493,200	- 2.00
SEG	2,292,900	0.00
Total	\$4,779,100	- 6.00

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor: Delete \$2,448,400 annually to reflect fringe benefit cost reductions associated with increased state employee contributions

GPR	- \$1,881,800
FED	- 627,600
PR	- 1,505,600
SEG	- 881,800
Total	- \$4,896,800

for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The annual reductions would include \$940,900 GPR, \$313,800 FED, \$752,800 PR, and \$440,900 SEG. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance costs reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. ELIMINATE LONG-TERM VACANCIES

Governor: Delete \$289,900 (all funds) and 4.93 positions annually to reflect the elimination of long-term vacant positions under the bill. The annual reductions would include \$14,600 FED and 0.35 FED positions, \$201,000 PR and 3.11 PR positions, and \$74,300 SEG and 1.47 SEG positions. Funding and position reductions are associated with positions that have been vacant for 12 months or more. Position eliminations and annual funding reductions are shown below by appropriation.

	Funding	Positions
FED	- \$29,200	- 0.35
PR	- 402,000	- 3.11
SEG	<u>- 148,600</u>	<u>- 1.47</u>
Total	- \$579,800	- 4.93

<u>Fund</u>	<u>Appropriation</u>	<u>Funding</u>	<u>Positions</u>
FED	Reimbursement of indirect costs of grant administration	\$14,600	0.35
PR	Public warehouse regulation	4,900	0.11
PR	Dog regulation, licensing, and rabies control	64,900	1.00
PR	General laboratory services	66,300	1.00
PR	Agricultural education and workforce development	64,900	1.00
	council, gifts and grants		
SEG	Agricultural producer security program administration	<u>74,300</u>	<u>1.47</u>
	Totals	\$289,900	4.93

4. BUDGET REDUCTIONS

Governor: Reduce funding by \$1,606,000 annually associated with a 10% reduction to supplies and other non-personnel costs. Reductions would include \$908,100 GPR and \$697,900 PR each year. Annual reductions by appropriation would be as follows:

GPR	- \$1,816,200
PR	<u>- 1,395,800</u>
Total	- \$3,212,000

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Reduction</u>
	Food safety and consumer protection		
GPR	Food safety operations	\$3,406,100	\$67,900
GPR	Meat and poultry inspection	3,283,600	55,500
GPR	Trade regulation and consumer protection	1,505,500	24,100
PR	Grain inspection and certification	1,376,200	18,800
PR	Consumer protection, information and education	164,200	16,400
PR	Telecommunications utility trade practices	415,800	8,000
PR	Ozone-depleting products regulation	480,600	9,200
PR	Food regulation	5,082,600	135,800
PR	Meat and poultry inspection	371,500	18,200
PR	Food- and trade-related services	47,400	4,700
PR	Sale of supplies	28,200	2,800
PR	Weights and measures inspection	1,269,600	46,600
PR	Dairy trade regulation	154,900	1,900
PR	Public warehouse regulation	134,900	2,700
	Subtotal		\$412,600
	Animal health		
GPR	General operations	\$2,565,600	34,300
GPR	Paratuberculosis testing assistance	234,700	23,500
PR	Dog regulation, licensing, and rabies control	608,100	14,500
PR	Animal health testing, inspection and enforcement	563,500	16,000
	Subtotal		\$88,300
	Agricultural development services		
GPR	General operations	\$2,164,500	\$69,800
PR	Marketing orders and agreements	92,100	2,900
PR	Something Special from Wisconsin	32,700	3,300
PR	Agricultural development services and materials	160,300	12,900
PR	Stray voltage - rural electric cooperatives	21,800	600
	Subtotal		\$89,500
	Agricultural assistance		
GPR	Aids to county and district fairs	\$396,000	\$39,600
GPR	Agricultural diversification and development grants	356,700	35,700
GPR	Aids to World Dairy Expo, Inc.	22,300	2,200
GPR	Dane County Exposition Center grants	203,000	20,300
	Subtotal		\$97,800
	Agricultural resource management		
GPR	Plant industry services	\$745,800	\$12,900
GPR	Soil and water resource management; county staffing	4,270,100	427,000
GPR	Farmland preservation planning grants	415,800	41,600
PR	Nursery regulation; plant pest control	316,200	12,200
PR	Seed testing and labeling	89,800	4,600
PR	Related services; phytosanitary certificates	262,600	8,900
PR	Fertilizer research assessments	150,700	15,100
PR	Agricultural impact statements	266,400	5,300
PR	Liming material research funds	23,400	2,300
	Subtotal		\$529,900
	Central administrative services		
GPR	Secretary's Office; management services	\$5,352,900	\$44,000
GPR	Agricultural statistics	287,600	9,700
PR	Computer system equipment, staff and services	2,018,700	139,200
PR	No-call list administration	790,700	32,200
PR	Sale of material and supplies	10,700	1,100
PR	Internal laboratory service charges	2,791,200	99,000
PR	General laboratory-related services to public	78,800	3,300
PR	Related services; statistical publications and surveys	93,900	8,300
PR	Central services; meat inspection federal reporting	798,200	51,100
	Subtotal		\$387,900
	Total		\$1,606,000

5. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

Governor: Delete 3.0 GPR classified positions and provide 3.0 GPR unclassified positions under DATCP's general operations appropriation for central administrative services.

Under 2011 Act 10, 38 classified positions are transferred into the unclassified service to serve as division administrators. The act also redefines "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) would be moved from classified to unclassified service within specified agencies. The revised unclassified positions would be renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions would be at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill would effectuate the intent of Act 10 in regards to the transfer of classified positions to unclassified positions as recommended by the Governor.

6. WORKING LANDS INITIATIVE – ELIMINATE PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS PROGRAM

BR	- \$12,000,000
----	----------------

Governor: Delete statutory authorization for the purchase of agricultural conservation easements (PACE) program. Repeal general obligation bonding authority of \$12 million for the PACE program. Further, repeal the following appropriations: (a) a GPR sum-sufficient appropriation for debt service on PACE bonding authority; (b) a working lands SEG annual appropriation for debt service on PACE bonding authority; (c) a PR continuing appropriation for gifts and grants received by DATCP for purchases of agricultural conservation easements; and (d) an annual appropriation from the segregated working lands fund for the purchase of agricultural conservation easements. (These appropriations do not have any expenditure authority in the 2009-11 biennium.) Amend an annual working lands fund SEG appropriation for administration of working lands programs to delete references to administration of the PACE program. Amend the statutory authorization for the working lands fund to delete reference to penalties or other proceeds from for the sale, modification or termination of an agricultural conservation easement.

The PACE program was authorized under 2009 Act 28 and grants DATCP the authority to enter into voluntary, perpetual easements with owners of agricultural land to preserve the land for future agricultural production. Easements generally prohibit the land from being made unavailable or unsuitable for agricultural use. Such programs are active in other states and certain Wisconsin municipalities, and are also commonly known as the purchase (or transfer) of development rights. DATCP conducted one application period in 2010, under which 16 proposed easements were preliminarily approved and allowed to proceed with appraisals and negotiations. The 2011 application period closed February 15.

Under current law, DATCP may pay up to 50% of the fair market value of an easement, as determined by appraisal, with remaining amounts paid by cooperating entities. Cooperating entities may include: (a) counties, towns, villages or cities; or (b) nonprofit conservation organizations such as land trusts, which are organized for the purpose of acquiring and managing conservation easements. DATCP has also coordinated eight of the applications preliminarily approved in 2010 with the U.S. Department of Agriculture (USDA) under the Farm and Ranch Lands Protection Program, which is a federal program that provides funding for the purchase of agricultural conservation easements. In addition to paying a portion of fair market value, DATCP is authorized to pay reasonable transaction costs associated with an easement purchase. These levels have been established at 80% of eligible costs, up to \$12,000. DATCP has administered the program since 2009 under the advice of a PACE Council, which is authorized under the statutes and appointed by the DATCP Secretary. DATCP officials report the negotiations for PACE purchases preliminarily approved in 2010 have been mostly suspended pending passage of the budget bill, and no binding contracts will be signed in the interim. The Department is also postponing selection of any new projects from the 2011 application period.

[Bill Sections: 377 thru 381, 383, 779, 797, 889, 2307, and 2679]

7. WORKING LANDS INITIATIVE – REPEAL FEE FOR REZONING FROM FARMLAND PRESERVATION ZONING DISTRICTS

SEG-REV - \$2,250,000

Governor: Repeal the conversion fee on persons requesting lands to be rezoned from farmland preservation zoning districts to other designations. Further, repeal requirements that political subdivisions submit to DATCP by each March 1: (a) a conversion fee for acreage rezoned from farmland preservation zoning districts in that jurisdiction in the previous calendar year; and (b) reports stating the total conversion fees collected by the local government for the previous year's conversions. Also, repeal provisions specifying for which purposes a political subdivision can use conversion fee revenues if a political subdivision has collected an amount greater than that remitted to DATCP.

The Working Lands Initiative enacted in 2009 Act 28 revised requirements for the farmland preservation program and tax credits, including changing the tax credit from a formula based on property-tax liability and income to a credit for acreage located in a farmland preservation zoning district or under a farmland preservation agreement. Credit eligibility is contingent on DATCP certification of the farmland preservation zoning ordinance. To qualify for certification, an ordinance must limit land uses in farmland preservation zoning districts to agricultural, agriculture-related, accessory, open space or other limited conditional uses. This is in addition to other requirements. A landowner also must comply with state standards for soil and water conservation to be eligible for farmland preservation tax credits.

Generally, the statutes allow lands in farmland preservation zoning districts to be rezoned if the party requesting the rezoning pays a conversion fee to the zoning authority for the acreage to be rezoned. The conversion fee is generally three times the highest-value category of tillable cropland in the city, village or town in which the rezoned land is located. This is typically referred to as the Grade 1 use value, and is established annually by the Department of Revenue.

For 2011 assessments, the statewide average for Grade 1 cropland is \$227 per acre, with values ranging from \$156 to \$350. However, many areas under farmland preservation zoning occur in areas with higher use values and, as a result, DATCP has estimated conversion fees may average about \$810 per acre (\$270 x 3). The conversion fee is not applied if: (a) the rezoning occurs under an ordinance recertification that is approved by DATCP, provided the ordinance remains consistent with the county's farmland preservation plan [farmland preservation zoning plans and ordinances generally must be reviewed and recertified at least every 10 years]; (b) the acreage is no longer designated for agricultural preservation under the certified county farmland preservation plan prior to the rezoning; or (c) certain circumstances where the land is annexed by another municipality that zones the land for non-agricultural purposes.

Under current law, conversion fees are submitted to DATCP by March 1, along with reports of total acreage converted and total fees collected by the zoning authorities. Local governments may establish higher conversion fees individually, but any fees in excess of the tripled Grade 1 use value must be used by the local government for administration or enforcement of its farmland preservation program. Funds received by DATCP are deposited to the segregated working lands fund, and are intended to be used for DATCP administration of farmland preservation programs, including local grants for farmland preservation planning, and the purchase of agricultural conservation easements (PACE) program. DATCP reports it has received \$569,900 in conversion fees for approximately 750 acres following the March 1, 2011, deadline. Approximately one-third of municipalities with certified farmland preservation zoning ordinances had responded prior to or shortly after the March 1, 2011, deadline. The Department reports it will contact remaining municipalities to ensure compliance with requirements for reporting and fee remission.

Although conversion fees are expected to vary from year to year, DATCP reported conversions prior to 2009 ranged between 6,000 and 12,000 acres annually statewide. The Department has estimated conversions from certified farmland preservation zoning districts in the near term may be 2,000 to 4,000 acres per year, due to slower economic activity, with revenues of between \$1.4 million and \$3.2 million. Although farmland preservation rezonings would continue to be charged the conversion fee until enactment of the budget, it is unclear what would happen with the revenue collected by local governments. The revenue loss to the segregated working lands fund under the bill could be estimated at a minimum of \$750,000 in 2011-12 and \$1.5 million in 2012-13.

Current law also requires a local government to hold a public hearing for proposed rezonings from farmland preservation zoning districts. The statutes require a zoning authority to make the following findings for a rezoning: (a) that the land is better suited for a use not allowed in the farmland preservation zoning district; (b) that the rezoning is consistent with any applicable comprehensive plan and substantially consistent with a county farmland preservation plan; and (c) the rezoning will not substantially impair current or future agricultural uses of surrounding parcels that are zoned for or legally restricted to agricultural use. These requirements would not be affected by the bill. The bill also would not affect conversion fees applied to early terminations of farmland preservation agreements, provided the agreements were entered into after July 1, 2009.

[Bill Sections: 889 and 2279 thru 2287]

8. MEAT SAFETY INSPECTIONS

Governor: Provide the following for the meat inspection program: (a) \$254,700 GPR in 2011-12 and \$513,300 GPR in 2012-13, with 3.0 positions beginning in 2012-13; and (b) \$396,300 FED with 2.0 positions in 2011-12 and \$646,200 FED in 2012-13 with 5.0 positions.

	Funding	Positions
GPR	\$768,000	3.00
FED	<u>1,042,500</u>	<u>5.00</u>
Total	\$1,810,500	8.00

The increases noted above for meat inspection would be the net effect of increased meat safety inspectors and funding to the Department budget. The bill would partially offset increases in GPR expenditure and position authority for the meat inspection program with reductions in other appropriations. The administration reports these changes are intended to mitigate the effect of increases in GPR expenditures for the meat inspection program. As a result, there would be no net increases in GPR positions in 2011-12 under the bill. The table below shows the appropriations affected by the bill.

Bill Changes Related to Meat Inspection

Appropriation	Source	2011-12		2012-13	
		Funding	Positions	Funding	Positions
Meat and poultry inspection	GPR	\$387,600	2.00	\$646,200	5.00
Meat safety inspection	FED	396,300	2.00	646,200	5.00
Agricultural development operations	GPR	-68,000	-1.00	-68,000	-1.00
Central administrative operations	GPR	<u>-64,900</u>	<u>-1.00</u>	<u>-64,900</u>	<u>-1.00</u>
	Total	\$651,000	2.00	\$1,159,500	8.00

DATCP's meat safety program conducts inspection of animal and poultry slaughtering and processing in establishments not otherwise inspected by the USDA Food Safety and Inspection Service (FSIS). State-inspected facilities are typically smaller operations that do not slaughter and process on a daily basis and have sales limited to in-state purchasers. Federally inspected facilities generally slaughter and process daily and ship products outside the state for sale. DATCP currently licenses 285 state-inspected establishments, as well as 56 custom-exempt establishments. (Custom-exempt establishments process meat as a customer service, do not engage in resale, and are generally not subject to inspection.) The state-funded portion of the inspection program is supported by GPR, including a \$200 annual license fee charged to official slaughtering and processing establishments that is deposited to the general fund. USDA also provides matching FED. For 2010-11, the meat inspection program is budgeted the following: (a) \$3,224,300 GPR with 43.12 positions; (b) \$4,240,100 FED with 43.37 positions; and (c) \$47,400 PR. These totals exclude \$375,300 PR with 3.5 positions and \$245,300 FED with 3.5 positions that were authorized under 2009 Act 28.

2009 Act 28 requires DATCP to create, by administrative rule, certain fees to fund inspections at slaughter and processing plants. DATCP officials indicate that fee-generated program revenues are not likely to be eligible for matching federal funds. For this reason, DATCP reports it has no plans to create the fee authorized in Act 28 or seek matching federal funding. However, the bill does not affect this rule requirement or the associated funding and positions.

DATCP reports the additional positions are required to meet federal requirements that state inspection programs enforce standards that are "at least equal to" federal food-safety standards. This includes having inspections of all slaughtering activities, including ante- and post-mortem inspections of animals, and all processing activities. A February, 2011, FSIS audit of DATCP's program activities in fiscal year 2010 noted that while Wisconsin's meat and poultry inspection program was generally "at least equal to" federal requirements, the Department had to adapt management procedures to the satisfaction of FSIS to demonstrate it consistently met all inspection requirements for slaughtering establishments.

9. LABORATORY EQUIPMENT AND SERVICE CHARGES

Governor: Provide \$302,200 PR and \$768,300 SEG in 2011-12 and \$343,800 PR and \$873,200 SEG in 2012-13 for increased costs associated with laboratory services in the food safety and agricultural chemical programs. Further, provide \$150,000 PR in 2011-12 and \$170,000 PR in 2012-13 for laboratory equipment purchases.

PR	\$966,000
SEG	<u>1,641,500</u>
Total	\$2,607,500

The DATCP Bureau of Laboratory Services analyzes samples gathered during inspections and regulatory actions under the food safety and agrichemical management programs. DATCP's food safety program is responsible for enforcing state sanitary and food purity standards affecting: (a) food processors, warehouses, and retail food establishments; and (b) milk producers, processors and haulers, including enforcement of the Grade A pasteurized milk ordinance. It is funded primarily by annual license fees and monthly procurement fees assessed on dairy processors for milk purchases. The agrichemical management program regulates activities involving animal feed, pesticides, fertilizers, and other agricultural chemicals. This includes monitoring groundwater that may be vulnerable to contamination by the use of agricultural chemicals. The program is supported by the segregated agrichemical management (ACM) fund, which receives various license, product registration, and tonnage fees assessed against agrichemical production and sales. Laboratory services for these programs may provide both evidence in cases of suspected law violations and indications of broader risks to public health and welfare. The Bureau of Laboratory Services charges the food safety and agrichemical management programs for its services. These charges are reflected as expenditures to the food safety and agrichemical management programs and as revenues to the laboratory.

In August, 2013, the laboratory is expected to move into a new facility on Madison's southeast side. This new facility was authorized in the state's 2009-11 building program, and construction is expected to begin in July, 2011. The increased food safety and agrichemical management expenditures would increase the laboratory cash balances in anticipation of potential future cost increases for equipment and building rent. These costs were not known as of March, 2011, but are expected to be higher than current levels. Administration officials indicate any charges under this provision that would exceed actual amounts needed in 2011-13 would likely be offset in the 2013-15 biennium with lower charges assessed to the food safety and agrichemical management programs.

10. REPEAL BUY LOCAL, BUY WISCONSIN PROGRAM

GPR	- \$445,400
-----	-------------

Governor: Repeal the Buy Local, Buy Wisconsin program, and repeal a biennial GPR appropriation for grants under the program. Under current law, DATCP is required to conduct a program to: (a) increase awareness of locally produced foods; and (b) increase the production and distributional capacity of foods for consumption in proximity to where the food is produced. Grants under the program are for: (a) the creation, promotion and support of regional food systems and agricultural tourism trails; and (b) the development of regional food systems, including creating or expanding facilities for production, processing and transport of locally produced food, or strengthening networks of producers and consumers of locally produced food. DATCP is appropriated \$222,700 each year for Buy Local, Buy Wisconsin grants. DATCP administrative rules require a recipient match of at least 33% of the grant total, which is equal to at least 25% of total project costs. Grants also may not exceed \$50,000. Contracts awarding grants generally are limited to two years, although administrative rules allow an extension to a third year upon request.

[Bill Sections: 375, 2302, and 2306]

11. DAIRY 2020 AND DAIRY MANUFACTURING FACILITY INVESTMENT TAX CREDIT

	Funding	Positions
GPR	\$129,800	1.00

Governor: Transfer from the Department of Commerce (Commerce) to DATCP administration of the following programs: (a) Dairy 2020, which assists dairy operations with accessing funding for expansions and modernization; and (b) certification of prospective claimants of the dairy manufacturing facility investment tax credit. Provide \$64,900 GPR annually with 1.0 economic development consultant position in DATCP's agricultural development operations appropriation for administration of the programs. Require all records and tangible personal property related to certification of prospective tax credit claimants to be transferred from Commerce to DATCP. Specify all Commerce administrative rules in effect for administration of the tax credit remain in effect until any designated expiration date, or until the rules are modified or repealed by DATCP.

Currently, the Dairy 2020 Initiative attempts to focus resources available under several Commerce programs toward economic development in the state dairy industry. These programs include: (1) the early planning grant [EPG] program, under which businesses may receive grants up to \$15,000 [limited to \$3,000 per Commerce policy] to hire an independent, in-state, for-profit third-party to create a business plan related to start-up, modernization or expansion; and (2) the milk volume production [MVP] program, which provides for low-interest loans to dairy farmers to help them secure other financing for capital improvements. Dairy 2020 is guided by an advisory Dairy 2020 Council, consisting of 26 gubernatorial appointees including dairy farmers, industry representatives, state legislators and officials and representatives of educational institutions.

Also, DATCP currently administers parts of the Dairy Business Initiative (DBI), which was previously known as the Value-Added Dairy Initiative (VADI). DBI/VADI has been

supported by federal funding and in-kind efforts of DATCP, Commerce, the University of Wisconsin Center for Dairy Profitability, the UW–Extension, the Wisconsin Technical Colleges, and dairy industry trade groups. DBI/VADI is broadly intended to help the state dairy industry modernize and expand operations, as well as develop supply and distribution chains to economically increase product offerings and market presence of Wisconsin dairy products. Dairy 2020 has generally constituted the Commerce contributions to DBI/VADI operations.

The bill would not transfer to DATCP any statutory authorities or state appropriations for the Dairy 2020 financial assistance program. Commerce and the Department of Administration (DOA) indicate that although Dairy 2020 coordinates dairy industry access to various programs, the programs themselves operate independently. The bill would repeal statutory authorities and state appropriations for these rural economic development programs. [See entries under "Commerce" for additional information.] The transferred position, however, would likely continue facilitating access to various assistance programs for dairy farms and processors.

The dairy manufacturing facility investment tax credit provides credits of 10% of investments made to modernize or expand a dairy manufacturing facility. The maximum aggregate credit, which may be claimed by members or shareholders of a partnership, limited-liability company, tax-option corporation, or dairy cooperative, is \$200,000. The \$200,000 limit is applied to each manufacturing facility held by the entity. (A provision in the bill would apply the \$200,000 per-facility limit solely to dairy cooperatives; other entities would only be allowed to allocate to their members or shareholders up to \$200,000 in aggregate credits for all facilities.) Total credits each fiscal year are \$1.4 million, with not more than \$700,000 available to dairy cooperatives and not more than \$700,000 available to other non-cooperative entities.

Under the bill, DATCP would be responsible for certifying the eligibility of persons seeking the tax credit and determining the amount of credits to be allocated to an entity. The bill would require DATCP to provide the Department of Revenue with information on those entities certified and the credits allocated. DATCP would have rule-making authority for administration of the program. [See the entry under "General Fund Taxes -- Income and Franchise Taxes" for additional information.]

[Bill Sections: 1822 thru 1825, 1827, 1959 thru 1962, 1964, 2071 thru 2074, 2076, 3369, and 9110(7)]

12. FEDERAL REVENUE REESTIMATES

FED	\$4,018,400
-----	-------------

Governor: Provide \$2,009,200 each year to reflect expected changes in revenues and expenditures for federal revenue appropriations. Affected appropriations are listed below. Agencies may expend all federal funds received under these appropriations, including amounts exceeding those in the state appropriations schedule, subject to approval by DOA. Expenditure authority appearing in the schedule for these appropriations therefore represents the best estimates of actual expenditures.

<u>Appropriation</u>	<u>Funding</u>
Food safety inspection	\$313,600
Animal health	960,000
Dairy Business Initiative/Specialty Crop Block Grants	43,400
Agricultural development/farm mediation	90,000
U.S. Dept. of Agriculture - Emerald ash borer management	393,000
Federal grant administrative costs	169,000
Food emergency response	<u>40,200</u>
Total	\$2,009,200

13. PROGRAM REVENUE REESTIMATES

PR	\$1,611,600
----	-------------

Governor: Provide \$805,800 each year to reflect expected changes in revenues and expenditures for program revenue appropriations. Affected appropriations are listed below. All appropriations shown below are continuing appropriations, which allows DATCP to expend all monies received under that appropriation, including amounts exceeding those in the state appropriations schedule, subject to approval by the Department of Administration (DOA). Expenditure authority appearing in the schedule for these appropriations represents the best estimates of actual expenditures.

<u>Appropriation</u>	<u>Funding</u>
Grain inspection	\$96,400
Dog regulation, licensing, and rabies control	72,200
Nonpoint source and gypsy moth programs	53,900
Seed testing and labeling	2,100
Phytosanitary certificates	46,300
Agricultural impact statements	2,000
Telemarketer do-not-call administration	60,100
Services to other state agencies	4,500
Central administration - gifts and grants	233,100
Central administrative services	<u>235,200</u>
Total	\$805,800

14. DEBT SERVICE REESTIMATE

GPR	\$54,500
SEG	<u>1,319,500</u>
Total	\$1,374,000

Governor: Delete \$37,000 GPR in 2011-12 and provide \$91,500 GPR in 2012-13, and provide nonpoint account SEG amounts of \$498,500 in 2011-12 and \$821,000 in 2012-13 for estimated debt service on general obligation bonds authorized for DATCP programs. GPR-supported debt is associated with the Wisconsin Veterinary Diagnostic Laboratory (WVDL) buildings and payments required from the state under the Conservation Reserve Enhancement Program (CREP). Nonpoint SEG debt service is for bonds issued to fund the installation of structural best management practices to limit sediment and nutrient runoff at agricultural sites under DATCP's soil and water resource management

(SWRM) program. Under the bill, estimated debt service in the 2011-13 biennium would be as follows: (a) for WVDL facilities, \$3,100 GPR in 2011-12 and \$13,000 GPR in 2012-13; (b) for CREP, \$388,100 GPR in 2011-12 and \$1,919,900 GPR in 2012-13; and (c) for SWRM, \$3,061,800 SEG in 2011-12 and \$3,384,300 SEG in 2012-13.

15. GPR DEBT RESTRUCTURING -- DEBT SERVICE

GPR	- \$1,279,800
-----	---------------

Governor: Decrease funding by \$1,341,500 in 2011-12 and increase funding by \$61,700 in 2012-13 to reflect changes in estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. [See "Building Commission" for additional information regarding this provision.]

16. SOIL AND WATER RESOURCE MANAGEMENT BONDING

BR	\$7,000,000
----	-------------

Governor: Provide \$7 million in additional general obligation bonding authority for the soil and water resource management (SWRM) program. Bond proceeds would be used for structural best management practices at agricultural sites to limit water pollution that may occur from sediment and nutrient runoff, including animal waste.

DATCP's current SWRM bonding authority is \$40,075,000. The authority has been increased by \$7 million in each of the last two biennia. Debt service is supported by the nonpoint account of the segregated environmental fund and is estimated under the bill at \$3.1 million in 2011-12 and \$3.4 million in 2012-13.

[Bill Section: 796]

17. COMPUTER SYSTEM EQUIPMENT, STAFF AND SERVICES

PR	\$192,100
----	-----------

Governor: Provide \$95,700 in 2011-12 and \$96,400 in 2012-13 for increased costs expected for information technology services. The DATCP appropriation for computer system equipment, staff and services supports departmental information technology services and receives charge-backs from other DATCP programs. The appropriation had revenues and expenditures of approximately \$1.9 million in 2009-10. The bill would provide \$1,944,900 in 2011-12 and \$1,945,600 in 2012-13 for computer equipment, staff and services.

18. WEIGHTS AND MEASURES EQUIPMENT ACQUISITIONS

PR	\$80,000
----	----------

Governor: Provide \$40,000 annually in permanent property for DATCP to enter into master leases for: (a) a prover trailer for inspections of liquefied petroleum (LP) gas meters; and

(b) a prover trailer for inspections of vehicle tank meters. A prover trailer is a 100-gallon test measure used by weights and measures inspectors to determine whether meters used in commerce accurately report amounts of substances delivered. The prover trailers would augment, and eventually replace, the Department's existing units. The Department reports the condition of the current trailers is deteriorating with age, and the frequency of repairs to the units may not be cost-effective. The term of the master lease is expected to be five years, after which time the Department would have full ownership of the units.

19. SOMETHING SPECIAL FROM WISCONSIN

PR

\$48,400

Governor: Provide \$19,800 in 2011-12 and \$28,600 in 2012-13 for the Something Special for Wisconsin program. The increased authority is intended to reflect additional expenditures attributable to increasing participation expected in the 2011-13 biennium. Participation in Something Special from Wisconsin has increased from 256 participants in 2009 to 420 participants as of March, 2011. Participants in the Something Special from Wisconsin program pay annual fees for use of the program's trademark, and participants' fees are based on gross annual sales. Products featuring the program's trademark must have at least 50% of their value attributable to Wisconsin ingredients or production and processing activities. The program had revenues of \$35,100 in 2009-10. The bill would authorize expenditures of \$49,200 in 2011-12 and \$58,000 in 2012-13.

20. TRANSFER REGULATORY AUTHORITIES FOR HOUSING-RELATED UNFAIR TRADE PRACTICES TO DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

Governor: Provide that beginning on the effective date of the bill, DATCP may not issue any order, promulgate any rule, or enforce any order or rule relating to the following subjects: (a) remodeling or otherwise improving residential or noncommercial property; (b) basement waterproofing; (c) real estate advertising; (d) renting of mobile-home sites and sales of mobile homes; and (e) renting of residential dwelling units and mobile homes. Specify that the Department of Safety and Professional Services (DSPS) may issue orders and promulgate rules on those subject matters beginning with the effective date of the bill. Further, specify that rules and orders in effect on the effective date of the bill remain in effect until their specified expiration, if any, or until DSPS modifies or repeals the rule or order.

Chapter 100 of the statutes prohibits unfair methods of competition in business and DATCP has general rule-making authority to enforce these prohibitions. The prohibition on unfair trade practices is often referred to by DATCP as the "Little FTC Act," due to its similarity to the Federal Trade Commission Act on which it is based. The Department has promulgated multiple administrative rules specifying prohibited conduct methods of competition, including practices related to: (a) home improvements [ATCP 110]; (b) basement waterproofing [ATCP 111]; (c) real estate advertising [ATCP 114]; (d) rentals in mobile home parks [ATCP 125]; and (e) residential rental (landlord/tenant) agreements [ATCP 134]. These rules would remain in effect under the bill, but administration of these rules would be the responsibility of DSPS. The administration reports this provision is intended to consolidate housing-related regulations in

DSPS, which the bill would create from the Department of Regulation and Licensing, certain Commerce environmental programs, and the Commerce Division of Safety and Buildings.

The bill would not affect DATCP administration of other rules specifying prohibited trade practices, including rules related to: (a) price discrimination; (b) price comparison advertising; (c) gasoline advertising; (d) chain distribution schemes and referral selling plans; (e) telecommunications and cable television services; (f) direct marketing; and (g) motor vehicle repair.

[Bill Section: 2311]

21. AGRICULTURAL DEVELOPMENT AND DIVERSIFICATION PROGRAM

Governor: Increase the maximum grant under the agricultural development and diversification (ADD) grant program from \$50,000 to \$100,000. Delete a provision requiring DATCP, in conjunction with Commerce, to research and plan means to promote and establish deer farms. Also, delete obsolete statutory provisions directing DATCP to make grants in support of commercial aquaculture development during the 1993-95 biennium.

Under current law, DATCP administers the ADD program, which is generally intended to increase production and marketing potential of Wisconsin agricultural products. Part of the ADD program includes grants for research, demonstration projects, and feasibility analyses that would develop new or alternative practices in production and processing of agricultural commodities. The statutes require ADD grants to serve one of the following purposes: (a) creation of jobs in the agricultural industry; (b) new capital investment and expansion in the agricultural industry; (c) agricultural product market development and expansion; (d) diversification and expansion of the production, processing and distribution of agricultural products, or forestry products that are used to produce alternative fuels, heat, or electricity; (e) commercial application of new technologies or practices related to agricultural products, or to the production of alternative fuels, heat, or electricity from forestry products; (f) increased use of surplus agricultural products; (g) improvement of the competitive position of this state's agricultural industry; or (h) efficient use of farmland and other agricultural resources. The ADD grant program has base funding of \$356,700 GPR and would be appropriated \$321,000 GPR each year of the 2011-13 biennium under the bill. Projects receiving grants may not last longer than three years. In addition to the \$50,000 cap under current law, grants also may not exceed 75% of total project costs, therefore requiring a recipient match of at least 25%.

[Bill Sections: 2303 thru 2305]

22. POSITION REALIGNMENT

Governor: Provide the following adjustments to DATCP appropriations: (a) delete \$51,300 SEG annually with 0.90 position from the agricultural producer security (APS) fund for administration of the producer security program; and (b) provide \$43,300 PR annually with 0.90

	Funding	Positions
PR	\$86,600	0.90
SEG	<u>- 102,600</u>	<u>- 0.90</u>
Total	- \$16,000	0.00

position for fruit and vegetable inspection and grading. The provision would result in a net funding decrease of \$8,000 each year; total authorized positions would not be changed by the provision.

The 0.9 SEG position would be deleted from APS administration and is currently vacant. The 0.9 PR position for fruit and vegetable inspection and grading would be allocated among nine 0.9 produce inspector positions to make each full-time. DATCP reports this would be commensurate with the current workload of each inspector.

DATCP reports the 0.9 APS position deleted by this item would also be deleted in the separate item eliminating long-term vacant positions.